

Message Text

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DEPARTMENT PASS EXIMBANK

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TAGS: EMIN, EINV, EIND, BENC, GR

SUBJECT: GREEK BANKING CONSORTIUM FOR INDUSTRIAL DEVELOPMENT

REF: A) ATHENS 9655 B) ATHENS 9405 C) ATHENS 9201

D) ATHENS 8040

1. IN COURSE OF RECENT CALL BY ECONOMIC COUNSELOR AND
EMBOFFS ON COSTAS GOUSTIS, RECENTLY APPOINTED CHAIRMAN
OF THE NEW HELLENIC INDUSTRIAL AND MINING INVESTMENT
COMPANY (HIMIC), GONSTIS PROVIDED HIS CURRENT THINKING
ABOUT PLANS AND MODUS OPERANDI OF HIS AS YET AMORPHOUS
ORGANIZATION, WHICH WAS ESTABLISHED IN DECEMBER TO
ADMINISTER THE BANKING CONSORTIUM OF THE NATIONAL BANK,
THE NATIONAL INVESTMENT BANK FOR INDUSTRIAL DEVELOPMENT,
THE MORTGAGE BANK, AND THE HELLENIC INDUSTRIAL DEVELOP-
MENT BANK (SEE REFTELS FOR BACKGROUND). GOUSTIS RE-
EMPHAIZED THAT HIMIC'S BASIC ROLE WILL BE TO STIMULATE
AND NOT REPLACE PRIVATE INVESTMENT, AND TO CHANNEL
CAPITAL INTO PRIORITY DEVELOPMENT AREAS OF MINERALS,
CHEMICALS AND PETROCHEMICALS.

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2. GOUSTIS INDICATED THAT HIMIC WOULD KEY ITS EFFORTS ALONG FOLLOWING LINES. (A) IN ITS FORMATIVE STAGE, HIMIC WILL CONCENTRATE ON ASSISTING ESTABLISHED FIRMS THROUGH MINORITY EQUITY PARTICIPATION (NOT THROUGH LOANS), WITHOUT UNDERTAKING MANAGERIAL RESPONSIBILITIES. (B) AS HIMIC GAINS EXPERIENCE, GOUSTIS PLANS TO SHIFT EMPHASIS TO ENTIRELY NEW PROJECTS IN AREAS WHERE PRIVATE FIRMS LACK INTEREST OR CAPABILITY. IN INITIAL PROJECT STAGES HIMIC WOULD HOLD MAJORITY INTEREST AND EXERCISE MANAGERIAL ROLE, PROBABLY THROUGH USE OF MANAGEMENT CONTRACTS WITH MINORITY SHAREHOLDERS OR FOREIGN EXPERTS. HIMIC WOULD GRADUALLY PHASE OUT OF PROJECTS WITH EQUITY TRANSFER TO MINORITY SHAREHOLDERS OR SALE TO GENERAL PUBLIC THROUGH STOCK EXCHANGE. (C) HIMIC WILL SEEK TO PROMOTE IMPROVEMENT OF GOG BUREAUCRATIC EFFICIENCY IN ITS PRIORITY INDUSTRIAL AREAS, THROUGH SUGGESTIONS TO GOG DECISION-MAKERS ON BASIS OF ITS OWN EXPERIENCE.

3. MUCH OF GOUSTIS' ENERGY IS CURRENTLY DEVOTED TO ORGANIZING OFFICE AND STAFF. LATTER WILL CONSIST OF ABOUT TWENTY PROFESSIONALS INCLUDING INVESTMENT BANKERS, ECONOMISTS, AND SOME TECHNICAL EXPERTS. HE PLANS IN NEAR FUTURE TO GO ON TOUR OF SELECTED INDUSTRIALIZED NATIONS (INCLUDING US) TO DISCUSS OBJECTIVES OF HIMIC WITH PRIVATE AND PUBLIC (INCLUDING INTERNATIONAL) FINANCIAL INSTITUTIONS, AND WITH BUSINESSMEN IN MINERALS, CHEMICALS AND PETROCHEMICAL SECTORS. ECON COUNSELOR OFFERED EMBASSY ASSISTANCE WITH US COMMERCIAL AND FINANCIAL INSTITUTIONS, AND EMPHASIZED BENEFITS OF HIMIC CONTACT WITH EXIMBANK IN LIGHT OF LATTER'S RENEWED INTEREST IN FINANCING SUITABLE CAPITAL PROJECTS IN GREECE INVOLVING US EXPORTS.

4. GOUSTIS ADMITTED CONCERN OVER NEGATIVE ATTITUDE OF SOME LOCAL MINING AND INDUSTRIAL CONCERNS OVER ROLE OF CONSORTIUM (REF.D), AND HOPES TO CONVINCE SKEPTICS THAT HIMIC WILL PLAY COOPERATIVE, NOT ADVERSARY, ROLE IN DEVELOPMENT PROCESS.

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5. COMMENT: GOUSTIS SERVED DURING JULY-NOVEMBER 1974 IN CARAMANLIS' INTERIM GOVERNMENT AS MINISTER OF COMMERCE, AND HAD SERVED AS SPECIAL ADVISOR TO MINISTER OF COORDINATION DURING 1955-63. HE GIVES AN IMPRESSION OF INTELLIGENCE AND PRAGMATISM, QUALITIES WHICH WILL BE ESSENTIAL IF HIMIC IS TO SUCCEED WHERE EARLIER ATTEMPTS AT SIMILAR INSTITUTIONS HAVE FAILED. HIS POSITIVE ATTITUDE TOWARD WESTERN TECHNOLOGY

AND MANAGERIAL EXPERTISE SHOULD PROVE BENEFICIAL TO
THE DEVELOPMENT EFFORT AND CONTRIBUTE TO THE IMPROV-
ING INVESTMENT CLIMATE IN GREECE.
KUBISCH

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